

# MEETING MINUTES CITY OF MILPITAS

**Minutes of:** Special Joint Meeting of Milpitas City  
Council and Redevelopment Agency  
**Date:** Wednesday, May 16, 2007  
**Time:** 6:00 PM  
**Location:** Council Chambers, Milpitas City Hall,  
455 East Calaveras Blvd.

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## ROLL CALL

Mayor Esteves called the meeting to order at 6:02 PM.

**PRESENT:** Mayor Esteves, Vice Mayor Livengood, Councilmembers  
Giordano, Gomez and Polanski

**ABSENT:** None

**PLEDGE OF ALLEGIANCE** Mayor Esteves led all in the Pledge.

## PUBLIC FORUM

**Don Peoples**, local businessman and Commissioner, discussed having recently moved his company's offices from Main St. in the Midtown to Tarob Ct. in the City's industrial area. He complimented the Building and Planning staff, who helped him via the "Permit by Appointment" program. Mr. Peoples remarked that staff were very helpful, and there was a bit more work with the Fire Department for review, so he appreciated the Fire Inspector coming to the site several times to work through needed changes to his new building.

## APPROVAL OF AGENDA

Motion: to approve the evening's agenda as submitted

Motion/Second: Councilmember Polanski/Councilmember Giordano

Motion carried by a vote of:

AYES: 5  
NOES: 0

## PUBLIC HEARING

### **Proposed Fiscal Year 2007-2008 Budget**

#### 1. City Manager and Finance Director Overview

City Manager Tom Williams introduced the budget for the coming year, describing the total overall budget of \$128.81 million (a 21.5% decrease over current FY, partly due to the reduced need for Capital Improvement Projects as several large ones had begun during the current year), with the General Fund budget of \$71.6 million.

Mr. Williams provided an overview, stating trends showing improvement in the local economy, while the City continued to meet challenges in the most professional and responsive manner. He displayed a chart showing sales tax receipts by fiscal year for 10 years, showing a slight increase each year from 2004 through the present. It was indicative of recent financial years the City had faced, while continuing to provide excellent service to the Milpitas community.

Vice Mayor Livengood asked questions about future sales tax revenue from Piercey Toyota and Cisco. The City Manager responded that forecasts did include anticipated revenues from new businesses.

Councilmember Gomez asked about business to business tax, and noted that it took a big hit. The City Manager stated that the top number one and two greatest sales tax revenue was derived from restaurants and retail, and after that business to business sales. All of those needed to increase to improve the City's financial condition. The City Manager continued his presentation, discussing various budget challenges and highlights.

Councilmember Giordano inquired about recent meetings the City Manager held with all City employees. Mr. Williams responded that he did so along with the Finance Director, to improve communication with City employees. He initiated a series of meetings with all employees, where he shared challenges and economic forecasts for the coming year.

In the projected budget, the City Manager explained there were some expected savings, such as consolidation of mobile phone operations, reduced number of fleet vehicles, and efficient utilization of City staff (such as a recent shift of select Public Works, Parks, and Streets employees).

Mayor Esteves asked about the 2% Transfer Occupancy Tax (hotel tax) money and why some of it was recommended for spending at this time. He felt that action drained the fund for a future performing arts center in Milpitas. City Manager Williams responded about lawful expenditure of the funds, per an advisory vote on the ballot in 2004. The Mayor expressed his dissatisfaction about tapping that money, felt it was not the intention of the voters, and that it needed to be saved for a Performing Arts Center.

Furthermore, the Mayor did not want to reduce support for the schools, and was not comfortable with proposal to ask MUSD for funds, as he wanted services not to be cut. Also, the Mayor disagreed with the City Manager's remarks about ballot Measures H and I on transfer occupancy tax.

Councilmember Gomez said he was okay with use of TOT money toward appropriate programs, based on what the vote was, and for use in the General Fund. A partnership with the schools should be reciprocal, not a one way street, he also stated.

Mr. Williams indicated to Council that no program or service cuts were proposed at this time. The required 15% budget reserve was being maintained. Staff wanted to increase economic development with a focus on redevelopment projects that would improve economic stability of Milpitas.

Councilmember Gomez inquired about unfunded liability of the City, and whether there was any requirement to fund it. The City Manager acknowledged it the unfunded retiree medical benefit liability estimated at about \$49 million, as noted in a study two years ago.

Mayor Esteves asked if the City was "sliding" on the MidTown Plan implementation, and the City Manager responded no, the City was on target with implementation. It comprised a long term plan of 20-30 years until build-out. Abel St. improvements were underway with the KB Home development, Main St. improvements in front of the new Library, County Health Center and the DeVries house senior project were all under construction in the Midtown. The Mayor asked about the area between the Library and Great Mall, Mr. Williams noted that would occur as development happened over time.

Councilmember Gomez described the assemblage of parcels in MidTown as a difficult issue. Mr. Williams noted what useful tools in redevelopment there were, for land residual (land value) was higher than what it would be in a feasibility model. Working with the Downtown Association property owners in the mid-town area and developers, next up was the Precise Plan that was necessary in one segment of the region.

Vice Mayor Livengood replied, on the Precise Plan, many were waiting for one major landowner there to indicate readiness to redevelop. Therefore, Mr. Livengood did not agree with moving forward on any Precise Plan until the landowner was ready.

#### Budget Presentation by the City Finance Director

Finance Director Emma Karlen next gave the City Council a detailed summary of the proposed FY 2007-08 budget, including the General Fund, the Redevelopment Agency, utility funds and other elements of the annual budget. She explained why Salaries & Benefits costs are up 5.6% overall, due

to several factors, including negotiated wage increases, medical insurance premiums' increased cost, and the need to begin pre-funding of retiree medical benefits.

Mayor Esteves asked if the 5.6% increase went to employees specifically, and staff replied yes, though not all directly. Indirect was the funding toward future retiree medical costs.

Councilmember Giordano inquired what would the impact be in the salary category? For example, in the Fire Department where some have retired, are they rehired in at lower rates? Ms. Karlen stated if the City did not fund replacements at highest salary, there could be a small savings, and hiring was delayed to fill a vacancy, there also could be additional small savings.

Councilmember Polanski asked about increased medical plan costs of 10-12%. She wanted to know if staff considered employees contributing toward those costs. Human Resources Director Carmen Valdez responded that it could be done during negotiations with employee groups. Ms. Polanski provided her point of view that the City needed to look at this as a strategy and to look at what neighboring governments do, for example.

The Finance Director continued her presentation, with some remarks on costs for Services and Supplies. Changes came from three major sources: \$5.3 million expenditure toward affordable housing loans, increased cost of water, and increased City contribution to San Jose/Santa Clara Water Pollution Control Plant. Councilmember Giordano asked if housing funds were a revolving loan fund. Staff responded that if structured as a loan the City would recover money, but over time. If funds were granted to a homeowner, there would be no recovery.

Next, Ms. Karlen discussed the City's plan for vehicle replacement as part of Capital Outlay. Council member Gomez asked questions about replacement of vehicles prior to warranty and/or at certain mileage. Police Chief Dennis Graham responded, regarding a survey the Police Department did in the past couple of years, and since then, extended the life of all its cars to 90,000 miles.

Ms. Karlen explained Debt Service Expenditures, as an installment payment to Santa Clara County for the former Elmwood property land. Revenues by source were displayed, primarily consisting of property tax, sales tax, and service charges. She next reviewed the six major solutions staff recommended to close the \$7.56 originally anticipated budget gap. With five specific identified steps, the City was able to effectively balance the budget for FY 2007-08.

Councilmember Polanski noted e-mail the Council had received from a resident who questioned the method of using Redevelopment money to purchase City properties. City Attorney Steve Mattas addressed this question, as his office had reviewed the proper legal steps when the Redevelopment Agency bought the lands four years ago. Specific authority under redevelopment law exists for the purposes of purchasing land for the improvement of redevelopment areas in a municipality.

Vice Mayor Livengood remarked that the strategy was something done nearly four years ago. Council had received a memo from the City Attorney describing the purchase of the land as legal and legitimate, which was again confirmed by City Attorney Mattas. Use of redevelopment funds was restricted to redevelopment activities, and defined assets (city v. RDA, etc.).

Councilmember Gomez said he had read the e-mail memo from the citizen and at the meeting, and he appreciated the review and legal response provided by the City Attorney.

Vice Mayor Livengood requested copies from staff of prior City Council meeting minutes when the City Council unanimously approved the sale of lands from the City to the Agency.

Moving on, the Mayor asked about projected savings when a new City Attorney would be hired by the City. Cost savings were difficult to project, but Human Resources Director Valdez expected there would be some and she could estimate that during her presentation.

The Finance Director continued, stating that \$55.5 million was the revenue projection for the next fiscal year, based on the fact that the last four quarters have been positive regarding revenues generated. 4% in property tax, 15% sales tax and 13% in Transfer Occupancy Tax were included in that projection overall.

Councilmember Giordano asked about increased business license fees, as explained by the Finance Director. Ms. Karlen stated that Milpitas was currently much lower than all other cities in the region for the fees to obtain a business license. She proposed a new administrative fee on new and existing businesses in the City.

Recreation Department fee increases were proposed. Mayor Esteves asked if parents provided any feedback on the \$100 processing fee for pre-school. Parks and Recreation Director Bonnie Greiner replied yes. After a survey of 45 parents of pre-school children, staff found the number one concern for pre-school services was low cost, while parents would be willing to pay more per hour, along with a one-time registration fee.

Councilmember Giordano asked whether there was a resident and non-resident fee for pre-school, and staff replied affirmatively. Very few non-residents ever get enrolled into the pre-school due to existing high demand by residents of Milpitas. Ms. Giordano announced she would be happy to raise non-resident fees for Recreation programs.

Councilmember Gomez asked about cost recovery in the Recreation area. Ms. Greiner replied that cost recovery would be higher once the fees were raised, but not close to full recovery (based on the recently completed study by the Finance Department). Councilmember Polanski concurred that she would have no objection to raising the non-resident fee.

Mayor Esteves asked about the Rainbow Theatre ticket price increase proposal from \$6 to \$11. He wondered if there was any feedback on ticket costs, and Ms. Greiner said she heard from parents that they would be happy to pay more. She noted that Milpitas was below average on ticket prices for children's theatre programs.

Ms. Karlen completed her presentation at this point, and invited the City Manager to the podium.

## 2. Operating Departments/Divisions Presentations

- **City Council**

City Manager Tom Williams presented the proposed budget for the City Council. He reviewed three functions: serve as governing body, develop and direct policy, and adopt the City's annual budget and Capital Improvement Program. Three accomplishments listed were: policy direction given to staff, guidance for cost control and spending, and oversight on redevelopment construction projects.

Mayor Esteves announced that he did not spend the money allocated each year for the Mayor's conference of about \$4,000. The Finance Director confirmed there was minimal spending in the area of Council conferences and travel.

Councilmember Gomez asked about Community Promotions, Grants and Loans. The City Manager noted the memo to Council (in agenda packet) identified some of those expenditures. Councilmember Gomez stated he would not reduce the line item for the Mayor's attendance at the annual conference. It was acceptable to budget for it, and then not spend if not needed.

Mayor Esteves asked about the annual Commissioners Recognition event. Parks and Recreation Director Bonnie Greiner was available regarding the memo she sent to Council with three options outlined: brunch on a Saturday morning, an event at a hotel with a keynote speaker and food (similar event at the Community Center), or a dinner event at a hotel or restaurant. A social event as was done here at City Hall last time could be held with more food/drinks/entertainment. Hosting a barbeque at the Community Center was another idea. Most cities do not provide formal recognize Commissioners at a formal event, as has been done in Milpitas.

Councilmember Giordano correctly commented that the Council did not need to decide about the future event at this meeting. She would like the budget amount to remain at \$15,000 and was favorable to the idea of brunch.

Councilmember Polanski and Mayor Esteves agreed with Councilmember Giordano.

- **City Manager**

Mr. Williams reviewed three functions of the City Manager's office, and noted the four full time staff authorized with two of those vacant. He itemized three accomplishments of the City Manager's office as well. The budget presented was essentially status quo.

- **City Clerk**

City Clerk Mary Lavelle presented her division budget, noting there was an overall decrease in the new year's budget since there was no municipal election scheduled. She reported that the division was operating successfully with 10 authorized staff and two positions vacant. Ms. Lavelle highlighted passport activity in the City Clerk's office, as well as implementation of the Lobbyist Registration section of the City's Open Government ordinance.

Mayor Esteves asked about lobbyist registration and how many forms were received. The City Clerk replied one to date, since the requirement started on January 1. Councilmember Polanski stated the Passport Acceptance service was a highlight of the City Clerk's office, appreciate by many residents.

- **Redevelopment and Economic Development**

Economic Development Manager Diana Whitecar reported on the division. She highlighted three accomplishments: RDA merger for the county health center, implementation of street banners and airport signs, and the new library art implementation (she served as liaison to the Public Art Committee).

Councilmember Giordano complimented Ms. Whitecar, and asked if there were any thoughts given to providing for an assistant for her. She saw Ms. Whitecar often around the City and knew she was effective in promoting businesses.

City Manager Williams responded that as the economy improves, senior staff would monitor staffing City-wide, and would return for budget adjustments when needed, including the most appropriate staffing levels in the City.

Councilmember Gomez noted with performance measures, he would like to see industrial space filling up and more businesses coming in to the City, along with business to business sales improvement.

Ms. Whitecar replied that information may be gathered, to create benchmarks against which to measure future success in the City.

- **Building and Safety**

Chief Building Official Keyvan Irranejad described services of the Building Department: plan check, inspection and permit processing. It had been a very busy and successful year, including the offering of new "express" appointments for inspection and plan check.

He highlighted SanDisk and other companies that moved into town. The Building office was recognized as one of the top ten Building departments in California. He further highlighted new permitting software with many efficiencies for customers.

Councilmember Giordano asked if implementation of the auto gas shut off valve would have any impact on the budget and Mr. Irranejad responded none.

Councilmember Gomez inquired how long it took to get a permit for building and wanted to look at how to reduce it. The Building Official noted that for small businesses (small jobs), they could get plan check on the same day. For larger projects of 10 –20,000 sq. ft., more edits/corrections could be needed on the plan before a permit could be issued.

Normal turnaround was approximately four weeks, though it varied by project. Mr. Gomez desired a performance measure to support what the Building Official described.

Councilmember Gomez asked about fees and moving toward cost recovery. He wanted to know if industrial users were having to support residential permit seekers and Mr. Irranejad replied no. July 1 was the hopeful date for online permitting to begin, including payment for permits by credit card.

Mayor Esteves asked about common complaints. The Building Official reported there were none and that feedback was very positive (such as Mr. Peoples' earlier). The Mayor felt that customer service feedback should not go to the Department Head, but to an outside source, to gauge City Hall service in a more independent manner.

- **Information Services**

Information Services Director Bill Marion presented his budget and reported three focus areas: technology management, project management, and public information.

He highlighted the wireless "wi-fi" network implemented by Earthlink, and the new public access television station for broadcast on Channel 26 on local cable. Also, this past year consolidation of cellular/mobile phone services into one department reflected the major portion of the increase in services and supplies cost for his budget.

Mayor Esteves noted the great service provided by the Helpdesk, and fast turnaround to computer users in the City Hall.

Vice Mayor Livengood asked about cell phone service. Mr. Marion explained the current family-type plan as negotiated with vendor. Mr. Livengood additionally asked Info. Services staff to stay on top of the fast changing market for communications service, especially internet offerings.

The City Council agreed to take a five-minute break at 8:12 p.m. and returned at 8:17 p.m.

- **Human Resources**

Human Resources Director Carmen Valdez reported on her centralized full service department handling recruitments, benefits administration including the workers compensation program, and conducting labor/employee relations services. She identified three major accomplishments: Injury and Illness Prevention Program training, conversion to Delta Dental plan for large savings city-wide, and the plan to distribute a total compensation report to every employee by the end of the fiscal year.

Councilmember Gomez suggested that a component of Human Resources was customer service, such as for employees. In the past, the department had an item dealing with how employees rated services of the department. Ms. Valdez reported that last year, a survey was conducted and distributed City-wide. She would be happy to do that again, and Mr. Gomez concurred that he would like it done again.

Mayor Esteves inquired about recruitments conducted in the last fiscal year. The Human Resources reported 34 were done last year.

- **City Attorney**

City Attorney Steve Mattas reported on his office's main functions: legal advice and counsel services, representing the City in lawsuits, and labor arbitrations (avoided lately), grievances and employee negotiations.

Accomplishments in the last year included the City Hall litigation settlement, pre-qualification of the new library construction contract, and labor negotiations.

Mr. Mattas noted that he and his firm would be working with City as it transitions to hiring a new in-house City Attorney, so the budget included transition funds.

\$403 million was budgeted for two attorneys and one secretary, for three-quarters of the year (not 12 months). Cost for legal codes (not maintained here at City Hall) that normally would be maintained by a City Attorney were included. Overall costs might be reduced in the future, among the new City Attorney, new City Manager, and City Council.

- **Public Works**

City Engineer/Public Works Director Greg Armendariz explained that Public Works was divided into six sections including administration, streets, trees and landscaping, facilities, vehicle/fleet maintenance, and utility (sewer, storm and water system) maintenance. The department handled more than 3,300 service requests last year concerning a wide variety of problems throughout the City.

New this year was that one department was now responsible for all maintenance at the Sports Center, so Public Works handled all building and facilities work, including the swimming pools.

Councilmember Gomez wanted to take a look at the sidewalk replacement program, beyond what other cities do.

Mayor Esteves focused on the condition of pavement throughout the City. He stressed that it should be maintained at a high level, and that the quality of the roads throughout the City was important to residents. He was concerned when the City Engineer provided the number ranking for last year, which was slightly lower than the previous year.

- **Engineering**

City Engineer/Public Works Director Greg Armendariz reported on the functions within this department: RDA Projects, Design and Construction, Land Development, Traffic, and Utilities and Solid Waste Services.

Accomplishments included completion of 12 CIPs, approval of variety of development projects, and utility program enhancements. Working on improvements to water delivery system.

Councilmember Giordano asked, with a possible drought season arriving, was there any impact on water services, like rationing? Mr. Armendariz responded that the SFPUC had voluntary conservation efforts occurring by about 10%, but if less water was forthcoming from the snow pack melt, there could be declared, later this year, a 7-year drought cycle.

- **Planning and Neighborhood Services**

Acting Planning and Neighborhood Services Director Felix Reliford provided an overview of services including Planning, Neighborhood Preservation (code enforcement), and Housing services as the divisions in this department.

Regulating development review, long range planning, neighborhood beautification, providing housing opportunities through affordable housing efforts, the MidTown Plan implementation and code enforcement were the major services of the department.

Councilmember Gomez asked about mobile home park infrastructure. He wanted to know how other cities were dealing with problems on the upkeep of mobile home parks. He asked about having some time measurements, such as those done in the Building Department.

Mr. Reliford described outreach conducted by staff on code violations, brochures, wider website material, additional information on cable television on preventive maintenance and minimizing code violations, and more aggressive outreach to the community.

- **Parks and Recreation Services**

Parks and Recreation Director Bonnie Greiner outlined the department which provided a wide range of programs with 80 full time employees and hundreds of part-time employees. She described the implementation of a new Inclusionary Policy, maintenance of three new parks on Parc Metro, and additional services for senior citizens including more lunch participants. The Recreation Assistance Program (RAP) increased from 90 to 100 families, yielding more than 1,000 participants at the Sports Center.

Vice Mayor Livengood asked about the new park set up on Main St. across the street from the newest housing development. He wanted to know how it could be corrected, since the location was not ideal for youngsters to play. The City Manager responded with the terms of the planning process approved for that area. Mr. Williams acknowledged the safety and pedestrian crossing by children, etc. as issues for improvement.

Councilmember Gomez asked staff if they were in the midst of a parks master plan and what was its status. Ms. Greiner replied that a consultant was recently authorized and would meet with staff to get a workplan strategized, and would include varied community input. Staff anticipated returning to Council with a report in six to nine months.

Mr. Gomez further commented on parks maintenance levels, and was there a standard for staffing on a per/acre of park land in order to maintain adequately. Ms. Greiner replied that it once was one park with nine staff, although currently the ratio was lower than that. Additional staffing would be needed for ideal levels to be maintained.

Mr. Gomez asked staff if the City still maintained some school district sites. Staff responded yes, for Rancho Middle School fields, since little league and soccer played there; and, a joint agreement with Russell School for some maintenance done at that school. Some work was done at Milpitas High School for the tennis courts, where tennis lessons were offered by the City on those courts.

Councilmember Polanski commented that staff reviewed agreements, the ratio for school to maintain their fields, was about 1:50 vs. the city staffing for field maintenance. Therefore, the City might not want to use school fields, if those could not be maintained up to City standards.

Mayor Esteves remarked that in San Jose, there was much conversation about contracting for employees for park maintenance. He wanted to know if that was something Milpitas should consider. The Parks and Recreation Director responded that could be an option, but she had not discussed it with staff or Human Resources and did not know the costs. The City Manager noted the use of part-time and temporary employees for select parks work.

City Engineer Greg Armendariz noted the heavy use of seasonal temporary employees, especially for weed abatement and other tasks.

Councilmember Gomez wanted it known that he was not interested in contracting out any Parks and Recreation Department employees.

- **Police**

Police Chief Dennis Graham highlighted accomplishments in the Police Department including a fast response time of 3:05, crime was down 1.6% overall, and Police had implemented a new youth academy. Main functions of the department were 24 hours per day protection, crime prevention services, and promoting traffic safety.

Councilmember Gomez asked about police officers doing administrative work. Chief Graham noted that the officers on the street were managing to avoid it, while Lts. do much administrative paper work (more so than Sergeants).

Mayor Esteves thanked the Chief for his response to previous questions from February, in the written memo (in the agenda packet). The Mayor asked about narcotics arrests. The



Chief detailed the City's comprehensive approach to fighting narcotics, and that more enforcement would, of course, yield more arrests.

Mayor Esteves also highlighted the number of auto thefts in the past year and wanted to reduce the number in next year. Chief Graham highlighted the brand new license plate readers put into use to locate stolen cars, a very effective tool in the first few weeks. Community policing efforts were underway, including for enforcement and crime prevention.

Councilmember Giordano inquired about cost sharing recommendations with the school district, and asked if the DARE program was part of it. The Chief replied no.

Councilmember Gomez, on the narcotics issues, asked where those arrests occurred mostly. Chief Graham explained there was a large "pass through" population in this City, mostly in hotels, and that was where lots of the activity occurred; and occasionally at certain residences.

Councilmember Gomez asked about the Police staffing ratio. Chief reported it was 1.3 officers per 1,000 residents, lower than the cities of San Jose or Palo Alto by comparison. He answered questions about the role of the Student Resources Officer at Milpitas High School.

Councilmember Gomez asked about crossing guards, and the law requiring them within a certain distance. The City Manager referred to the state education code which required that immediately adjacent to the school, a need to provide a safe crossing to the school. Mr. Gomez felt the schools should be approached to pay for the crossing guards for that minimum safety required, and asked the City Manager to look into that issue.

Councilmember Polanski wondered if there was an increase in burglaries for scrap metal and copper. The Chief responded yes. She asked about planning for the increased population in the new buildings planned, especially in MidTown. Chief Graham noted that the Police Department planned to fill some of the vacant positions to handle the increase in population in coming years.

- **Fire**

Fire Chief Clare Frank discussed the primary functions of the Fire Department, including emergency response as the priority, training as an internal function for the firefighters, external training for preparation of citizens through the Strategic Actions For Emergencies ("SAFE") program, along with prevention and enforcement via Fire Codes in the Fire Prevention office.

Accomplishments in the Fire Department over past year included: excellent response time, improved certification levels of the firefighters, more special rescue certifications during the past year, and enhanced prevention services. Additionally, many firefighters did a great job filling in "acting" positions for next higher rank.

Challenges anticipated in the coming year include new development, high density and midrises and the changed City building layout, and the fire service response to those.

Councilmember Giordano asked about the SAFE program. The Chief responded that 43 citizens were recruited last year, with the goal now to add 50 to the total. Fire staff was trying to add to the total to allow citizens to be self-reliant during an emergency. Ms. Giordano also asked about CPR readiness of the SAFE participants.

Mayor Esteves asked about the Fire Department overtime budget. He was concerned about the "burn out" of firefighters who must work overtime, to fill any vacant positions' workload. He also inquired about the minimum Capital Outlay amount – it was so low in the current year vs. previous years' requests. \$10,000 in the budget was for a one-time purchase of defibrillators, the Chief explained.

Councilmember Polanski asked, with increased housing being built in the City, was the Fire Department looking at vacancies and staffing needs? Chief Frank replied yes, and would consider future needs in the Strategic Plan later this year. One firefighter per 1,000 residents was the national standard for service. With regard to the Citizens Emergency Preparedness Commission, the Councilmember asked if the budget included some of the new caches of emergency supply material needed, the Chief responded affirmatively.

- **Finance**

Finance Director Emma Karlen highlighted the major functions of the Finance Department, including the safeguarding of assets, external and internal customer service.

Accomplishments in the past year included: an award of high achievement for the Purchasing Division, completion of the Cost Allocation study, and Certificates of Participation issued last year for the Main Sewer Pump Station project funding.

Councilmember Giordano asked about whether monthly billing for water service was considered recently. The Finance Director replied that the savings was not that much, since the cost to bill customers monthly doubles, and was not justified.

Councilmember Gomez asked about program costs versus revenue brought in, and whether that was reviewed regularly. The Cost Allocation Study would be used to figure this out, in future years, reported Ms. Karlen.

- **Non-Departmental**

Ms. Karlen next reviewed what the non-departmental section of the budget contained: items such as debt service payment, city-wide utility payments, and liability insurance payments.

There was noted a 21% increase in this area for services and supplies, including \$5.1 million for housing loans, personnel increase for negotiated Memorandums of Understanding with employee groups, and obligations for various payments such as retiree medical costs.

City Manager Williams recommended to the Council at 9:51 PM to continue the CIP budget review and discussion to the next regular Council meeting.

### **3. Review of Redevelopment Agency Budget and Financing**

Finance Director Karlen next discussed the RDA budget. She provided a summary of property tax, interest earnings and other revenues for the FY 2007-08 budget. She also provided a summary of expenditures related to salaries and benefits, services and supplies, debt service, and capital projects. The total annual budget proposed for the Agency next year was \$40 million.

Mayor Esteves asked questions about the new Senior Center CIP funding, and what year construction costs would be incurred. The City Engineer responded those would be in future year's budgets, after plans and designs were complete and a contractor selected.

Councilmember Gomez wondered how much Redevelopment Agency funds were spent toward economic development and tax generating projects. That was an important emphasis, he felt.

At this point, Mayor Esteves opened the Public Hearing and invited speakers, none were heard.

## **ACTIONS**

1. **Motion**: move to continue the Public Hearing for consideration of the Capital Improvement Program at the next regular City Council meeting

Motion/Second: Councilmember Gomez/Councilmember Polanski

**2. Motion:** conceptually approve the 2007-08 City/Agency Proposed Budget & Financial Plan

Motion/Second: Councilmember Gomez/Councilmember Giordano

Mayor Esteves stated his opposition to the budget due to the following issues: 1) concern for the Pavement Condition Index of City streets, 2) adequacy of the Police Department budget on narcotics enforcement and safety throughout the City, 3) with the schools, support for the community, and 4) he was not comfortable in using part of a percent of the hotel tax increase spent on Rainbow Theatre.

Vice Mayor Livengood remarked that the budget told a story about what was going on in the City that the employees of the City were doing a tremendous job, doing more with less, primarily as a service delivery organization. He was especially happy with the remark from resident Mr. Norwood at the previous City Council meeting when he said the City staff always find a way to get something done.

Motion carried by a vote of:

AYES: 4

NOES: 1 (Esteves)

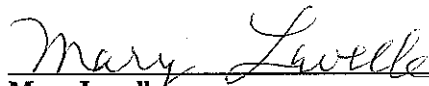
Four action items listed below were continued to the next City Council meeting.

3. Conceptually approve the 2007-2008 Capital Improvement Program.
4. Conceptually approve the Preliminary Five-Year (2007-2012) Capital Improvement Program.
5. Waive First Reading of Ordinance No. 197.10.
6. Introduce Ordinance No. 197.10.

**ADJOURNMENT**

Mayor Esteves adjourned the Joint City Council/Redevelopment Agency budget hearing at 10:02 PM.

**The foregoing minutes were approved by the Milpitas City Council as submitted on June 5, 2007.**

  
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**Mary Lavelle**  
City Clerk